Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 CURACA 00183 011808Z

62
ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04

USIA-15 PRS-01 DRC-01 /194 W
---------- 040804
R 011545Z APR 74
FM AMCONSUL CURACAO
TO SECSTATE WASHDC 1772
INFO AMEMBASSY CARACAS
AMCONSUL PARAMARIBO
AMEMBASSY THE HAGUE
AMCONSUL MARTINIQUE

LIMITED OFFICIAL USE CURACAO 0183

E.O. 11652: N/A
TAGS: ENRG, NA
SUBJECT: GNA PASSES LAW WHICH ENACTS NEW PROFIT
TAX ON OIL REFINERIES

1. ON MARCH 29, 1974 THE STATEN OF THE NA UNANIMOUSLY
PASSED A NEW LAW WHICH WILL INCREASE PRESENT TAXES ON THE
OIL REFINERIES BY ABOUT 8 TIMES THE PRESENT LEVY. THE NEW
TAX RATE WILL BECOME EFFECTIVE ON APRIL 1, 1974. SHELL WILL
BE LEVIED ABOUT 35.8 MILLION DOLLARS ANNUALLY AS AGAINST THE
FORMER PAYMENT OF 4.4 MILLION ANNUALLY. EXXON ON ARUBA WILL BE
LEVIED 36.9 MILLION ANNUALLY AS AGAINST 4.7 MILLION. THESE PAY-
MENTS WILL RUN FOR TWO YEARS AND ON APRIL 1, 1974 A NEX TAX
FORMULA WILL BECOME EFFECTIVE WHICH AT THE CURRENT RATE OF
PRODUCTIONOF SHELL AND EXXON AMOUNTS TO ABOUT 26.8 MILLION
TAX EACH, PER YEAR. THE TAX FORMULA WAS ARRIVED AT BY CALCULLATING
THE REFINERIES OPERATION AT 90 PERCENT OF CAPACITY.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CURACA 00183 011808Z

(THE OIL COMPANIES CLAIM THAT THEY OPERATE AT ONLY ABOUT 75

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

PERCENT OF CAPACITY WHICH IS A MATTER OF DISPUTE.

2. THE OIL COMPANIES HAVE EXPECTED A TAX INCREASEFOR SOME TIME BUT THEY HAVE NOT YET HAD TIME TO VOICE THEIR FULL PUBLIC PROTEST. THE SPOKESMAN HAVE ALREADY STATED THAT SUCH TAXATION WILL BE AN UNBEARABLE BURDEN ON THEM AND WILL NOT PERMIT FUTURE EXPANISON AND WILL VERY PROBABLY CAUSE A CUT IN PRODUCTION AND LOSS OF EMPLOYMENT TO ANTILLEANS.

3. THE GNA HAS MADE IT CLEAR THAT IF THE OIL COMPANIES CAN PROVE BY COMPLETELY OPENING THEIR BOOKS THAT THEIR PROFITS DO NOT WARRANT THE NEW TAX THEN THE LEVY WILL BE SUBJECT TO SOME NEGOTIATION. OFFICIALS OF THE GNA INCLUDING THE PRIME MINISTER ARE CONFIDENT THAT THE OIL COMPANIES WILL NOT BE ABLE TO DISPROVE THEIR PROFIT STRUCTURE AND THE TAX WILL BE COLLECTED.

4. COMMENT: PRIME MINISTER EMERLUZ AND FORMER PRIME MINISTER SA (WHO IS A MEMBER OF THE STATEN AND WAS THE PRIME DRAFTER OF THE NEW LAW) STATED TO ME THAT THIS WAS IN NO RESPECT ANY MOVE TOWARDS NATIONALIZATION OF THE REFINERIES BUT SIMPLY A MORE REASONABLE AND JUST TAX ON THE REFINIERIES WHICH THEY STATE HAVE BEEN OPERATING FOR YEARS WITH LITTLE OR NO CONT-RIBUTION TO THE SOCIAL WELFARE OF THE NA. FORMER PRIME MINISTER UA SAID HE WAS SURE THE NEW LAW WOULD NOT AFFECT THE NEW TANK FARM PROJECT ON BONAIRE BY NORTHVILL INDUSTRIES AS THEY HAVE A 1 YEAR TAX HOLIDAY IN THEIR CONTRACT.
IF THE FULL TAX IS PAID THE GAN WILL RECEIVE OVER 75 MILLION DOLLARS ANNUALLY FOR TWO YEARS AND THEN OVER 53 MILLION ANNUALLY WHICH SHOULD MOST CERTAINLY SOLVE THEIR CURRENT BUDGET PROBLEMS AND BE A GREAT BOOST TO ANTILLEAN PROSPERITY.
LOFTON

LIMITED OFFICIAL USE

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW, PETROLEUM INDUSTRY, REFINERIES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CURACA00183
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740072-0203
From: CURACAO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740476/aaaacrmz.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2002 by boyleja>; APPROVED <31 JUL 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GNA PASSES LAW WHICH ENACTS NEW PROFIT TAX ON OIL REFINERIES
TAGS: ENRG, NA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005